A.I.D. EVALUATION HIGHLIGHTS NO. 13

AN ASSESSMENT OF A.I.D.'S IN-COUNTRY PRESENCE

April 1993

PN-ABG-009

SUMMARY

The Center for Development Information and Evaluation (CDIE) recently completed an assessment of what many inside and outside the Agency for International Development (A.I.D.) consider to be the Agency's most distinctive and valuable asset: its in-country presence. The assessment identified the basic advantages of A.I.D.'s in-country presence and reviewed the relationship of these advantages to the actual functions performed by U.S. staff overseas. Moreover, it formulated options the Agency could adopt to increase cost-effectiveness while maintaining the essential benefits of in-country presence.

The assessment found the presence of A.I.D. foreign service officers and their supporting staff abroad to be an integral part of the Agency's development assistance program. A.I.D. presence offered two chief advantages for delivering economic and development assistance: *influence* and *program accountability* (as distinct from *financial accountability*).
Two overarching concerns were cited. First, A.I.D. should implement *transition management strategies* in which Missions plan how and when to transfer the responsibility for managing development to recipient countries as those countries grow in self-reliance and become better able to handle these responsibilities. Second, A.I.D. should rely more on its foreign national staff to perform many of the tasks now performed exclusively by U.S. staff.

In addition to these overarching changes in the A.I.D. approach, the assessment recommended a number of short-, medium-, and long-term options. A new staffing approach, *the strategic objectives approach,* is a keystone among these recommendations. This approach recommends that overseas Missions be staffed according to strategic program objectives. A Mission would have a principal officer and then one U.S. staff member for each program objective. Other functions would be performed by foreign nationals, contractors, or U.S. regional or A.I.D./Washington staff.

BACKGROUND

As part of the review of many aspects of A.I.D. management underway between 1991 and 1992, the Administrator tasked CDIE to undertake an assessment of A.I.D.'s in-country presence. A.I.D.'s Congressional oversight committees, especially the Foreign Operations Subcommittee of the House Appropriations Committee (the "Obey Committee"), and the International Affairs Division of the Office of Management and Budget had also expressed particular interest in this subject.

CDIE assembled a team of 11 veteran U.S. direct hire employees, one retired A.I.D. Mission Director, and one private-sector consultant in organizational development to complete the assessment. CDIE also worked closely with a steering committee comprising key budget and workforce planning staff within the Agency to write the assessment's scope of work and to monitor the study's progress. The Washington and field-based data gathering, research, analysis, and report preparation took place over a 1-year period from July 1991 to July 1992.

A.I.D.'s Approach

CDIE's assessment asked three major questions:

- What are the essential advantages of A.I.D.'s in-country presence?
- Do the functions that are actually performed overseas effectively exploit those advantages?
- What cost-effective alternative configurations could be proposed that would retain the demonstrated advantages of U.S. in-country presence?

The assessment team conducted more than 400 interviews, employing both open-ended and structured questionnaires. The team initially interviewed senior A.I.D./Washington managers from all bureaus to determine the perception from Washington regarding the benefits of in-country presence as well as the functions best performed overseas. It then traveled to ten countries, Bolivia, Costa Rica, Guinea, Honduras, Indonesia, Kenya, Morocco, Pakistan, Senegal, and Uganda, for extensive interviews.

In each country, the team interviewed all U.S. staff, senior FSN and personal services contract staff, and representatives from the host government, other donors, project consultants, and the private sector. The questions focused on respondents' perceptions of the advantages and disadvantages of in-country presence, the value of the A.I.D. presence and its decentralized mode of administration, the functions performed overseas and whether these functions could be performed elsewhere or by other, less costly, categories of employees, whether the Mission could be configured more cost-effectively, and the effectiveness of A.I.D.'s approach relative to that of other donors.

The assessment team deliberately avoided approaching this task as a budget-driven exercise to reduce U.S. staff levels overseas as a management device for OE savings. Rather, the approach was to investigate and determine the most rational and cost-efficient approach for delivering an effective and high-impact foreign assistance program, consistent with political and developmental realities, in this decade and beyond.

The team attempted to discover how Missions had come to be staffed as they were, since many considerations seemed to be at play. The Budget Office of the Directorate for Finance and Administration bases Mission staffing on program size and composition, but those considerations did not appear to provide a sufficient explanation. A CDIE regression analysis demonstrated that several independent variables (budget size, budget source, number of projects, PL 480 program) in fact explained about 90 percent of the variations in worldwide U.S. staff. Nevertheless, some Missions had actual levels of U.S. staff that differed significantly from predicted levels. These divergences may represent an inefficient allocation of resources.

FINDINGS

The assessment team found that the in-country presence of A.I.D. foreign service officers and their supporting staff is an integral part of the development assistance program, rather than one management mode among others, all more or less equally effective. The costs associated with that presence are thus directly linked to the achievement of the U.S. Government's development objectives within individual countries. Attempts to lower those costs by substituting a less expensive management mode without in-country presence would therefore compromise effectiveness. All the interviews revealed a common perception that A.I.D.'s form of in-country presence reflects a foreign assistance approach characterized by close collaboration, hands-on involvement, and a preoccupation with accountability and short-term results.

Advantages

The interviews called attention to many advantages perceived to derive from in-country presence. However, only two of these advantages, influence and program accountability, seemed to depend on an in-country staff to reap their full impact.

The personal relationships that A.I.D. foreign service officers are able to establish by working daily with host-country counterparts are a key asset. These ongoing relationships enhance the effectiveness and impact of the U.S. taxpayers' investment in foreign assistance programs through a variety of positive factors, including better understanding of local conditions; political and cultural sensitivity; ready access to host country officials; sustained, day-to-day involvement in the process of policy reform; keeping development on the U.S. agenda; and more effective promotion of sensitive issues, such as family planning and environmental protection.

As a result, influence can be applied to programs and policies and is exercised at several different levels to

- Shape the country program to best enhance development prospects and to ensure that U.S. policy objectives are realized

- Convince the recipient government to make the policy changes necessary to overcome obstacles to its country development
- Build consensus among donors in identifying the country's obstacles to development and the appropriate measures to be taken to deal with them
- Persuade Washington decision-makers to accept and support policy objectives specific to and appropriate for each country assisted

Accountability for program effectiveness, as distinguished from financial accountability, improves the quality of program and project implementation, allows for regular project reviews and for quick response to new priorities, permits mid-course corrections in implementation, generates better information on what is really going on inside the project, leads to prompt decision-making by A.I.D., facilitates resolution of misunderstandings and miscommunication, and provides for institutional continuity.

Disadvantages

There are also disadvantages to a significant in-country presence, including (1) a tendency toward heavy-handed and paternalistic approaches to design and implementation, which inhibits “ownership” of activities by the recipient governments and thwarts the maturation and ability of these governments to handle their own affairs; (2) an excessive use of American technical experts, even when qualified local experts are available; (3) a diffusion of program activities; (4) isolation of U.S. staff from professional peers; (5) inconsistent interpretation of rules and regulations; (6) physical security; (7) and cost.

Some of the large and medium-sized Missions have become mini-A.I.D./Washingtons with their own internal bureaucracies. The need for review by, and clearances from, a bevy of procedural specialists tends to constrain the flexibility, quick decision-making, and risk-taking that decentralization was designed to promote. As one field Mission Director stated in an interview: “Staff begets work!”

Analysis of Overseas Functions

After identifying the major advantages of A.I.D.'s in-country presence, the team looked at what functions overseas staff are actually performing in order to determine whether the functions further the advantages.

This analysis sought to identify functions that (1) U.S. employees had to perform in-country in order to realize the advantages of in-country presence; (2) though useful to perform in-country, could be more cost-effective if performed by other than U.S. employees; and (3) could be more cost-effective if performed either regionally or in A.I.D./Washington.

Some functions, particularly those relating to policy dialogue, strategy formulation, and program and project negotiations, are so intimately linked to influence and program accountability that they should only be performed by U.S. staff assigned to the country. But a significant number of overseas staff do not contribute directly to the identified advantages of in-country presence, despite their full-time (and often overtime) occupation with meaningful and necessary work. Many of these staff members are busy with program support tasks, such as legal advice, procurement, contracting, project design, and evaluation, which could be more cost-effective if provided to the Missions by FSNs or contract staff, through visits from regional locations or A.I.D./Washington, or by taking advantage of the high-tech communication facilities now available to increasing numbers of Missions, such as facsimile transmission, electronic mail, computer modem, and satellite telephone.

Other donors usually have much smaller staff than does A.I.D., but they do not always seek the same objectives and have far fewer oversight concerns. The quality of development performance, for example, is of far less institutional concern to most bilateral donors than it is to A.I.D. (although it is of great personal interest to their officials in the field). Moreover, where development assistance is meeting the donors' commercial objectives, the quality of performance is clearly a marginal issue. Illustrative of this point is the emphasis different donors put on their individual program portfolios. A comparison of the major bilateral donors' resource flows during 1988-1989 shows that while A.I.D.'s focus was on program assistance, the other bilateral donors concentrated more on economic infrastructure projects (e.g., transportation and energy), which are usually turnkey operations implemented by contractors from the donor country (see figure). Thus comparisons of A.I.D. and other donors' in-country presence must take these factors into account.

For A.I.D. to reduce its overseas presence to the staff size of other principal donors would require an unworkable recentralization of authority in A.I.D./Washington and a dramatic reduction in both the scope of the assistance effort and the audits, controls, and legislative oversight to which the program is subjected.

RECOMMENDATIONS AND MANAGEMENT IMPLICATIONS

Overarching Concerns

The determination of the essential advantages of A.I.D.'s in-country presence, as well as the analysis of critical Mission functions, led the assessment team to consider how to preserve these advantages and to increase cost-effectiveness at the same time. This led, in turn, to identifying two overarching concerns, which need to be addressed everywhere: making transition strategies a major goal for the Agency and increasing the use of foreign nationals (FSNs).

Transition Strategies

A.I.D. Missions currently neither plan for diminishing their level of participation nor work toward the day when A.I.D. can withdraw. The present high degree of oversight slows the rate at which a recipient country develops the skills and capacity to manage its development resources and increases the risk of establishing and perpetuating dependency, not only on external resources but also on external management of those resources. Although different time frames would apply to different country situations, the gradual transition and transfer of management and accountability responsibilities from the donor to the recipient should be made a major goal and part of most Missions' overall program strategy and implementation plans. This planning, however, fails to occur both because the incentives for career enhancement reward Mission growth, not transition planning, and because the ever-increasing contract monitoring rules, reporting requirements, and financial accountability regulations militate against relinquishing control.

FSN Underutilization

Underutilization of FSNs is pervasive at the professional staff level, whereas in many instances they could replace present U.S. personnel. Unfortunately, a great deal of confusion prevails regarding the legal constraints to relying more on FSNs for key functions. Missions should assess the full capabilities and potential of their present FSN staff and other individuals available locally, receive definitive guidance from A.I.D./Washington on the upper limits of FSN responsibilities (which should be purposefully broadened), and then use these factors as major determinants of U.S. staffing requirements.

Opportunities

Finally, the assessment team identified a series of options that A.I.D. should consider in developing an improved system for future staffing of overseas Missions and offices. These options, which are not mutually exclusive, are divided into three categories:

- Options that can be implemented fairly quickly in the short term with minimum restructuring.
- Options that would require moderate restructuring and could be implemented in the medium term.
- An option that would employ a strategic management approach to workforce allocation and would require more time to implement significant changes in the way A.I.D. staffs and manages the delivery of foreign assistance.

Short-Term Opportunities

- Adjust current U.S. staffing imbalances from overstaffed Missions to understaffed Missions.
- Identify more countries to be designated as advanced developing countries, such as Costa Rica, India, Thailand, and Tunisia. Advanced developing countries are capable of managing

their own development programs with a minimum A.I.D. presence, resulting in downsizing of U.S. direct hire staff. The assistance program portfolio should be adjusted accordingly to enable the host country to manage the program with minimal A.I.D. monitoring.

- Reduce staffing in some of the more unfavorable development environments where the program has been established for largely political reasons.
- Reduce documentation and Mission reporting requirements by a rigorous follow-up of present efforts to reform project documentation and reduce the inordinate up-front time now being spent on detailed project design and analysis.
- Reduce bureau and Mission competition for scarce staff and budgetary resources by relieving the Missions of the sole responsibility for country program advocacy, relying instead on joint A.I.D./Washington-Mission teams to establish the objectives, strategy, and rationale for country programs to be implemented by the Missions.

Medium-Term Opportunities

- As justified by cost-benefit analysis, expand regional and shared services, as exemplified by the two Regional Economic Development Services Offices in Abidjan and Nairobi; establish a shared-service organization—or even a regional Mission—for Central America.
- Recognizing that other donors now work effectively in many fields, concentrate programs on fewer development problems and on what A.I.D. does best. Reducing the number of management units—perhaps by putting a floor of $5 million under bilateral project size—will lessen the requirement for staff.
- Create incentives to encourage the most efficient and cost-effective in-country presence for each Mission and office, thus replacing the present system that seems to award program volume and staff size as positive performance factors.
- Establish Mission antennae in A.I.D./ Washington that would relocate current Mission staff who do not *directly* contribute to the advantages of in-country presence. Such antennae would be physically separate from the geographic bureaus and task-dedicated to their Missions, reporting to the Mission Director.
- Since much of the justification for U.S. staff is based on A.I.D./Washington and Mission concerns for financial accountability and a pervasive fear of audits, introduce the concept of appropriate or "limited accountability." That concept would assess the cost of total accountability against the limited protection it provides, the heavy work load it causes, and the large commitment of staff time it requires.

Long-Term Opportunities

Establish the concept of a "core" Mission with staff limited to those absolutely required to achieve the Mission's strategic objectives. Similar to zero-based budgeting, this concept would have a U.S. principal officer as the only given, with additional U.S. program managers tied to the number and type of strategic objectives for each country program. Increases above this core staff would have to be justified.

This Evaluation Highlights was prepared by Ronald D. Levin of the Center for Development Information and Evaluation (CDIE). The Highlights summarizes the findings of an assessment of A.I.D.'s in-country presence. The report entitled A.I.D.'s In-Country Presence: An Assessment, A.I.D. Program and Operations Assessment Report No. 3 (PN-AAX-260) can be ordered from the DISC, 1611 North Kent Street, Suite 200, Arlington, VA 22209-2111, or by calling (703) 351-4006.